GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:2587
ANSWERED ON:10.08.2005
GADGIL-MUKHERJEE FORMULA
Kripalani Shri Srichand

Will the Minister of PLANNING be pleased to state:

(a) whether the plan assistance given to States is decided according to Gadgil-Mukherjee formula;

(b) if so, the details thereof;

(c) whether the per unit cost increases in providing public services to big regions having less population density;

(d) if so, whether the Government proposes to give due importance to big regions in comparison to population;

(e) whether the Government proposes to give due importance to desert areas of Rajasthan also going by this criterion; and

(f) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a)&(b): Central Assistance allocated for Annual Plans of States consists of Normal Central Assistance (NCA), Additional Central Assistance (ACA) for Externally Aided Projects (EAPs) and ACA for Special & Other Programmes. While allocation under NCA is based on the Gadgil formula as approved by the National Development Council (NDC) in December 1991, allocation under ACA for EAPs and Special & Other Programmes are based on their own specific criteria and guidelines. The Gadgil formula takes into account, inter alia, population, per capita income, performance in tax effort, fiscal management and progress in respect of national objectives specifically in the area of population control, elimination of illiteracy, on-time completion of EAPs and land reforms. Allocation of ACA for EAPs is based on utilization of funds for projects. Allocation for Special and Other Programmes depends on the needs of states and sectoral priorities under each programme.

(c): Cost of providing public services in states is governed by a wide variety of factors which, inter alia, includes area and population.

(d): There is no proposal to modify the Gadgil formula as approved by the NDC.

(e)&(f): The Government has given due importance to desert areas of the country, including Rajasthan, through the ACAs for Desert Development Programme(DDP) and Drought-prone Areas Programme(DPAP).